



Panama-U.S. Trade Promotion Agreement Wisconsin Impact

October 2012

Overview:

The U.S.-Panama Trade Promotion Agreement was ratified on October 21, 2011. The Agreement entered into effect October 31, 2012. This agreement will have a significant impact on the Wisconsin economy and particularly on Wisconsin agricultural exports. It will eliminate tariffs and other barriers on most Wisconsin agricultural products including dairy and beef.

Impact on Wisconsin:

Agricultural products that will become duty-free upon ratification include:

- Dairy products including skim milk powder, cheese, and ice cream
- Corn
- Prime and choice cuts of beef
- Soybeans and soybean meal
- Frozen turkeys
- Whey

With the agreement in place, 50 percent of U.S. goods will enter Panama duty-free immediately with the remaining tariffs being eliminated within 10 years.

Top WI Agricultural Exports to Panama

2011

1. Dairy,Eggs,Honey,Etc	(\$5,386,181)
2. Miscellaneous Food	(\$1,585,059)
3. Preserved Food	(\$1,196,724)
4. Sugars	(\$417,766)
5. Beverages	(\$224,000)

2010

1. Miscellaneous Food	(\$1,396,000)
2. Dairy, Eggs, Honey, Etc	(\$1,293,086)
3. Preserved Food	(\$1,173,561)
4. Albumins	(\$224,467)
5. Baking Related	(\$201,182)

Opportunities for Wisconsin Agriculture:

Dairy Products

- U.S. exporters will have immediate duty-free access to nine preferential dairy tariff-rate quotas (TRQs), totaling 3,986 tons. These include 2,625 tons of skim milk powder, 728 tons of cheese, 263 tons of ice cream, and 370 tons of other dairy products. These quantities will grow by 4 or 5 percent each year and the over-quota tariffs, which range from 15 percent for ice cream to 50 percent for milk powders, will be phased out in 15 to 17 years.

- U.S. dairy exporters will continue to have access to the global TRQs for 3,830 tons of milk powder and 3,782 tons of cheese that are part of Panama's World Trade Organization (WTO) commitments.
- Panama will immediately eliminate its 30-percent tariff on dried whey products. The tariffs on most other dairy products, which are currently as high as 140 percent, will be phased out over 15 years.
- Panama has already implemented a December 2006 bilateral agreement with the United States on sanitary/phytosanitary measures (SPS), recognizing the equivalence of the U.S. food safety systems for processed foods, including dairy products, and streamlining its product registration system for packaged foods. This will allow U.S. food processors to export dairy products to Panama without burdensome paperwork and without having each facility and shipment inspected by Panamanian authorities.

Beef

- Panama will immediately eliminate its 30-percent duty on the products most important to the U.S. beef industry iV prime and choice cuts. Panama's tariffs on other cuts of beef will be phased out over 15 years.
- The 10-percent tariff on beef tongues and livers will be eliminated in 5 years, and the 15-percent tariff on other edible offal will be eliminated immediately.
- Panama has already implemented a December 2006 bilateral agreement with the United States on SPS, reopening its market to U.S. beef by bringing its import requirements related to bovine spongiform encephalopathy
- Panama also accepted the equivalence of the U.S. meat inspection system, which allows U.S. inspectors to into compliance with international standards to certify beef for export to Panama without having each facility and shipment inspected by Panamanian authorities.

Corn

- Panama will provide immediate duty-free access for corn with a 298,700-ton TRQ that will grow 3 percent annually. The 40-percent over-quota tariff will be eliminated in 15 years.
- The current zero-tariff treatment for crude corn oil will be locked in place immediately. For refined corn oil, Panama will provide immediate duty-free access within a 368-ton TRQ that grows each year by 5 percent. The 30-percent over-quota tariff on refined corn oil will be phased out within 10 years.

Soybeans and Products

- Panama's current zero-tariff treatment for soybeans and soybean meal will be locked in place immediately upon implementation of the agreement.
- The current zero-tariff treatment for crude soybean oil will also be locked in place immediately, while the 20-percent tariff on refined soybean oil will be phased out in 15 years.

The U.S.-Panama Trade Promotion Agreement provides Wisconsin companies with concrete opportunities to expand their export markets. The Wisconsin International Trade Team at the Wisconsin Department of Agriculture, Trade and Consumer Protection s available to assist Wisconsin agricultural and food companies expand exports to Colombia.

* TRQ: Tariff-Rate Quota, imports below a specified quantity enter at a low (or zero) tariff and imports above that quantity enter at a higher tariff.

*Source 1: USDA document: "U.S.-PANAMA TRADE PROMOTION AGREEMENT Wisconsin Farmers Will Benefit"

*Source 2: Global Trade Information Systems, 2010 Data

*Source 3: USTR document: "U.S.-PANAMA TRADE PROMOTION AGREEMENT EXPANDING MARKETS FOR AMERICA'S FARMERS AND RANCHERS"